Approved For Release 2008/05/12 : CIA-RDP84B00049R000501380003-7

Executive Registry
82-13077

OFFICE OF THE SECRETARY OF THE TREASURY
WASHINGTON, D.C. 20220

November 16, 1982

UNCLASSIFIED
(With Confidential Attachment)

MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF DEFENSE
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
CHAIRMAN, COUNCIL OF ECONOMIC ADVISORS
ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS
ASSISTANT TO THE PRESIDENT FOR POLICY DEVELOPMENT
UNITED STATES TRADE REPRESENTATIVE
✓DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT Senior Interdepartmental Group on International Economic Policy (SIG-IEP)

Attached please find the minutes from the SIG-IEP meeting held November 5.

David E. Pickford
Executive Secretary

Attachment

UNCLASSIFIED
(With Confidential Attachment)

DCI EXEC

Approved For Release 2008/05/12 : CIA-RDP84B00049R000501380003-7

CONFIDENTIAL
Approved For Release 2008/05/12 : CIA-RDP84B00049R000501380003-7

SENIOR INTERDEPARTMENTAL GROUP -- INTERNATIONAL ECONOMIC POLICY

November 5, 1982
3:00 p.m.
Roosevelt Room

Attendees:

Treasury
Secretary Regan (Chairman)
Beryl Sprinkel

State
Secretary Shultz
Allen Wallis

Defense
Fred Ikle

Agriculture
Richard Lyng

Commerce
Secretary Baldrige
Lionel Olmer

CIA
Henry Rowen
Maurice Ernst

USTR
William Krist
Dennis Whitfield

Office of the Vice President
Admiral Dan Murphy

OMB
Alton Keel

OPD
Roger Porter

CEA
Martin Feldstein

NSC
William P. Clark
Henry Nau
Norman Bailey
William Martin

The Chairman opened the meeting by introducing the topic for discussion, the U.S. position on increase in IMF resources, and asked Under Secretary Sprinkel to open the discussion.

Under Secretary Sprinkel reported on the discussion on IMF quotas which have been under way since early 1981. Most countries have favored a quota increase of 100 percent; some have suggested a figure as high as 200 percent. The United States has tried to dampen expectation, and it was only recently in Toronto that the United States indicated a willingness to see any increase in IMF resources. Informal talks since Toronto have centered around quotas of up to 25-33 percent and borrowing arrangements in the range of $13-17 billion. These figures would imply U.S. funding of $7 billion (assuming 19 percent U.S. vote and 25 percent U.S. share in borrowing). The EC reportedly favors a 50 percent quota increase and $10-15 billion borrowing. (This would imply a U.S. contribution of around $9.75 billion.) Germany shares the EC view. The U.K. would prefer a slightly higher quota raise than 33 percent but is willing to deal in the lower range if it is generally acceptable. Japan is mainly interested in voting share and is willing to come down on overall quota increase if its voting share can be adjusted to be equal to or greater than France.

Approved For Release 2008/05/12 : CIA-RDP84B00049R000501380003-7

Approved For Release 2008/05/12 : CIA-RDP84B00049R000501380003-7

We need an early increase in IMF resources in light of worldwide financial difficulties. The IMF is at the center of a strategy to resolve the situation in an orderly way, but present resources are insufficient. Uncommitted resources are $22 billion, but potential demands could reach $35 billion through 1983. The United States should take a leadership role in getting an early decision.

Following a discussion, it was agreed that Under Secretary Sprinkel should:

1. Make every effort to keep the new U.S. contribution close to $7.6 billion;

2. Stress the U.S. preference for quota increase and borrowing arrangement combination (this provides for better creditor control); borrowing arrangement could include modification of GAB;

3. Pursue a policy of limiting enlarged access (reduce the present limit -- 150 percent of quota per year and 450 percent over three years -- pari passu with quota increase, to maintain maximum access in money terms constant);

4. Accept a reduction in the U.S. voting share from 19.5 percent to 19 percent;

5. Push for an acceleration of the timing of the quota increase for implementation by end 1983 as opposed to original plans for end 1985. (This schedule would mean legislation submitted in early 1983, i.e., in FY 1984.)

Secretary Baldrige and others also maintained that in addition to taking this short-term action, we should undertake further studies to assess the impact of IMF funding and decisions on general world trading conditions.

Approved For Release 2008/05/12 : CIA-RDP84B00049R000501380003-7

Approved For Release 2008/05/12 : CIA-RDP84B00049R000501380003-7

EXECUTIVE SECRETARIAT

Routing Slip

TO:			ACTION	INFO	DATE	INITIAL
	1	DCI				
	2	DDCI				
	3	EXDIR				
	4	D/ICS				
	5	DDI				
	6	DDA				
	7	DDO				
	8	DDS&T				
	9	Chm/NIC		✓		
	10	GC				
	11	IG				
	12	Compt				
	13	D/EEO				
	14	D/Pers				
	15	D/OEA				
	16	C/PAD/OEA				
	17	SA/IA		✓		
	18	AO/DCI				
	19	C/IPD/OIS				
	20	NIO/ECON		✓		
	21					
	22					
		SUSPENSE		Date		

Remarks:

KM
File SIG-IEA
5 Nov

Executive Secretary

11/16/82
Date

3637 (10-81)

Approved For Release 2008/05/12 : CIA-RDP84B00049R000501380003-7